

A88.26/3:4/15
412

agricultural marketing

Alabama Polytechnic Institute
Auburn, Alabama

December 1959

AGRICULTURAL MARKETING SERVICE

U. S. DEPARTMENT OF AGRICULTURE



Contents

December 1959

Plentiful Foods for December	3
USDA Revises Standards for Butter Grades	4
Surplus Dairy Supplies Down	4
Healing Precut Potato Seed Pieces During Transit	5
Our Expanded Cattle-on-Feed Reports	6
The NAMO Meeting in Asheville, North Carolina	7
Preparing Wool for Market	8
Progress Under the Packers and Stockyards Act	10
Shipping Florida Citrus in Crates and Cartons	11
Price Spreads for Formulated Poultry Feeds in Illinois	12
The Weekly F. O. B. Review for Produce Industry	13
A Yardstick for Measuring Honey Quality	14
New Agreements for Wool and Lamb Promotion	15
New Bilingual Egg Grading Certificate	15
Increased Production of Corn Oil	16
Pork Products Now Marketed in Small Cans	16

Reprint material

All articles may be reprinted without permission. Prints of photos and art used in this publication can be obtained from USDA Photo Library, U. S. Department of Agriculture, Washington 25, D. C. Photos used in this issue are identified by the following negative numbers: Page 5, BN8664x (left), BN8668x; p. 6, N27370; p. 8, N32406 (top), N32422 (bottom); p. 9, clockwise, N32391, N32427, N32420, N32430, N32432, N32399; p. 11, BN7932 (left), BN7931; p. 13, N13037; p. 14, N34195 (top), N34194 (bottom, left), N34192.

Editor, Milton Hoffman

Associate editor, Jeanne Starr Park

AGRICULTURAL MARKETING is published monthly by the Agricultural Marketing Service, United States Department of Agriculture, Washington 25, D. C. The printing of this publication has been approved by the Bureau of the Budget, March 18, 1959. Yearly subscription rate is \$1.50, domestic; \$2.25, foreign. Single copies are 15 cents each. Subscription orders should be sent to the Superintendent of Documents, Government Printing Office, Washington 25, D. C.





Plentiful Foods FOR DECEMBER

THIS DECEMBER there'll be a plentiful array of tasty foods to make everybody's table a festive one. As the 1959 harvests near an end, the people of America will be provided with a total bounty likely to equal last year's.

This good news is reflected in the Agricultural Marketing Service's Plentiful Foods List for December shoppers. It features pork and sweetpotatoes, a long-time popular twosome.

Pork is an outstanding protein value at markets across the country this month. Both last spring's and this fall's pig crops were larger than a year ago. And, this fact has lifted pork supplies to generous wintertime levels. Sweetpotatoes, too, are in bountiful supply.

Other plentiful foods on the list for December are tender young broiler-fryers, turkeys, apples, raisins, almonds and filberts, peanuts, peanut products, and onions. Also, vegetable fats and oils and lard.

Here, in brief, is a roundup of these abundant 1959 harvests.

Pork production is about 15 percent ahead of last year, and the sweetpotato output also is larger than in 1958.

Apple growers harvested a good quality crop of something like 116 million bushels this year, which runs 7 percent above average.

California's almond orchards set a new record this year of around

THE Agricultural Marketing Service's Plentiful Foods List is a monthly compilation of foods found to be plentiful throughout the country during a certain 30-day period. This list, distributed 4 to 6 weeks in advance, goes to more than

70,000 tons—a very sharp increase over last year's meager crop of less than 19,000 tons. And the year's filbert crop—estimated at 9,500 tons—is nearly a fifth greater than the average year's outturn.

December—second heaviest turkey consumption month of the year—will see a record number of birds on the market. Farmers have raised 82 million of them, about 5 percent more than last year.

While marketings of broiler-fryers are expected to dip some 10 to 12 percent below last December, they'll still be in bountiful supply on all holiday markets.

As for raisins, this year's crop has run substantially above 1958 levels. And, after two years of short supplies and high prices, growers this season face a problem in marketing their big harvest.

Onions—that old standby in every Christmas kitchen—have a late summer storage crop that is not only about 11 percent greater than last year's but 9 percent above average. So onions, too, will be popular with meal-planners throughout the holiday season.

In addition, this year's peanut crop totals some 837,000 tons, or around 125,000 tons more than is estimated for general needs. Vegetable fats and oils, along with lard, will be in excellent supply too, not only in December but in the months ahead as well.

45,000 members of the food industry. Included are producer groups, the wholesale-distributive trade, and food service establishments.

Copies of the monthly list are sent regularly to interested persons upon request.

USDA REVISES STANDARDS FOR BUTTER GRADES

by Ed Small

U.S. standards for grades of butter are being revised—to become effective early in 1960.

The revision represents a general tightening up of present standards. It has been prepared by the Dairy Division of the Agricultural Marketing Service in cooperation with industry representatives, regulatory officials, and college workers.

Under the new standards, workmanship defects—that is, defects in body, color, and salt characteristics—can only total $1\frac{1}{2}$ points for Grade B butter with an AA flavor rating. Currently, $2\frac{1}{2}$ points are allowed for this grade and flavor rating.

For Grade C butter, the workmanship disrating can be no more than 1 point; as it is now, $1\frac{1}{2}$ points are permissible.

Also, certain flavor characteristics which have, in the past, been allowed for U.S. Grade C butter will not be included in the revised standards.

In addition to this general tightening of workmanship and flavor requirements, three new provisions are included in the revised butter standards.

One spells out the specific conditions under which butter may *not* be assigned a grade. It states that a U.S. grade is not assignable if the butter fails to meet the minimum requirements for U.S. Grade C or U.S. 89 Score, if the plant producing the butter does not use satisfactory manufacturing practices, or if and when tested the butter is

found to be deficient in milk fat.

(Although these requirements have been used in grading butter, this is the first time they have been specifically stated in the standards.)

Another of the new provisions specifies that butter with excessive workmanship defects be given only a flavor rating. This will apply to butter with a flavor rating of AA or A when workmanship defects exceed $1\frac{1}{2}$ points, or butter with a B or C flavor rating if it has defects in excess of 1 point.

The third new addition to the proposed standards defines in detail the various workmanship defects

according to intensity or degree. It specifies the intensity at which a characteristic may be termed "slight" or "definite." For one characteristic, "leaky," it includes a description of a "pronounced" defect.

A supplement, "Quality Factors of Butter and Probable Causes of Defect Characteristics," will be attached to the revised standards. This appended material is intended to furnish guidance to the butter-maker to help him avoid deficiencies in manufacturing and possible downgrading of his product. It also should aid him in achieving improved spreadability and better product stability.

Last year, USDA graded 968 million pounds of butter. Of this, 164 million pounds (or about 12 percent of the total U.S. production) was packaged for consumers and identified with the U.S. grade mark. Under the grading program, labeling of consumer butter has increased nearly 80 percent in the past 5 years.

Surplus Dairy Supplies Down

Surplus dairy products are at their lowest total since late in 1952, according to the Commodity Credit Corporation.

As of October 31, uncommitted stocks stood at 13.6 million pounds, compared to 143.2 million pounds a year earlier.

The recent decrease in surpluses accumulated by the CCC under its price support program is the result of reduced purchasing together with heavy sales and donations.

CCC butter purchases from April-October 1959 amounted to 76.4 million pounds, 25 percent less than for a comparable period in 1958. CCC butter stocks on Oct. 31 of this year were nonexistent; in 1958, the CCC had 53.3 million pounds on hand.

Nonfat dry milk purchases by CCC during the April-October period of 1959 totaled 408.3 million pounds as compared to 557 million pounds in 1958. And, as of October 31, 1959, CCC had no uncommitted stocks of nonfat dry milk. Last year at this time, stocks totaled 82.7 million pounds.

CCC cheese purchases and uncommitted stocks, however, were up some from a year ago, but still well below levels of recent years. Cheese purchases for the 7-month period totaled nearly 49.8 million pounds (they were 25.7 million in 1958) and uncommitted stocks amounted to 13.6 million pounds (compared to 7.2 million pounds in 1958).

The author is Head of the Standards Section, Dairy Division, Agricultural Marketing Service.



In conducting the tests, researchers placed recording thermometers in the car body or in potato bags. These were calibrated and marked before being enclosed in metal cover. The machine at right is a semi-automatic potato seed cutter used at shipping point. It also sizes whole potatoes before they are cut.

HEALING PRECUT POTATO SEED PIECES

THE freshly cut surfaces of potatoes, precut for seed purposes, will heal-over satisfactorily as the potatoes move to market—if the proper temperature and humidity are maintained.

Healing requires a temperature of 60° F. or higher and a humidity of 85 to 95 percent, plus a good supply of air freely circulating across the cut surfaces.

These were the conditions provided by Agricultural Marketing Service and Agricultural Research Service scientists who recently tested 5 shipments of Katahdin seed potatoes moving from Maine to Connecticut, Massachusetts, Pennsylvania, and Rhode Island. The potatoes arrived in all four States in excellent healed-over condition.

The potatoes, precut by machine, were loaded into preheated, insulated, fan-equipped refrigerator railroad cars immediately after cutting and bagging. Each bunker contained an alcohol heater with thermostat set at 60° F.

The potatoes at the time of loading averaged 42° to 48° F. They

were warmed to at least 50° the first day, to 55° the second, to 60° within 3 days after cutting and loading, and were above 60° during 2½ to 5 days of transit.

Relative humidity in the car atmosphere was generally 90 percent or higher.

Weight loss during transit was low, and the condition of the potatoes excellent upon arrival.

The study showed that sound, freshly cut potatoes can be shipped from the seed-producing area to the seed-using area without adverse effects.

This could open a much broader market for large seed potatoes, which, up to now, have been generally scorned by potato farmers.

Most farmers have preferred to use small whole seed potatoes—for which they pay a premium price—rather than become involved in an expensive hand-cutting operation or bother with healing facilities for freshly cut potatoes.

As a result, the larger potatoes, grown at added expense for seed, have moved, not to the seed market,

but to the dinner table.

By providing properly healed, precut potatoes to growers, seed producers can sell all of their crop for seed—not just small potatoes.

Producers would need less acreage for their crop and, as a result, would be able to reduce production costs. This would also allow them time to give more careful attention to better quality seed.

It will also permit more efficient use of cutting machines in the seed-producing areas and reduce the need for hand cutting in the seed-using areas. Properly healed cut seed also is less subject to rot either in storage or after planting than freshly cut seed potatoes.

The complete report of these studies by H. W. Hruschka, W. L. Smith, Jr., and H. V. Toko of the Agricultural Marketing Service and R. V. Akeley of the Agricultural Research Service is contained in AMS-334. A copy of the report may be obtained from the Marketing Information Division, AMS, U. S. Department of Agriculture, Washington 25, D. C.

Our Expanded Cattle-On-Feed Reports

by Emmett Hannawald and George Wangen

SPARKED by record supplies of feed grain and the demand for more high-quality beef, the Nation's cattle feeding industry has grown tremendously in recent years.

And, as the industry has expanded, so has the need for more and better statistics on cattle on feed. To achieve the very best in marketing efficiency, producers, processors, and handlers must know exactly what the production situation is—how many cattle are on feed, how many are being marketed, how many replacements there are.

This is the kind of information the Crop Reporting Board of AMS has been providing for many years. Lately, however, through increased Congressional appropriations, the Board has been able to increase its services.

The cattle-on-feed reporting program now includes 37 States in its January 1 report, has added 5 States to the 21 already covered in the quarterly information program, and has begun a monthly report in two States—California and Arizona.

Added to the quarterly report this year are Wyoming, New Mexico, Nevada, Washington, and Oregon. New on the January 1 list are Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, and Louisiana.

The addition of new States and new reports has made it possible to present a more complete picture of the cattle feeding industry. This has been the continuing policy of the crop reporting service since its early beginning. In the past 10 years, the cattle on feed program

has been expanded several times.

The quarterly estimates, which began in 1948, originally included only 3 States—Iowa, Nebraska, and Illinois. Today, 26 States provide information for this report.

Statistics from each of these States are compiled and analyzed by statisticians in the Agricultural Estimates Division of AMS. Reports are issued for each quarter as of January 1, April 1, July 1, and October 1. They include information on the number of cattle on feed, total fed cattle marketed during the past quarter, and cattle and calves placed on feed since the last reporting period.

The number of cattle on feed at the beginning of each quarter is also published by class, weight groups, length of time on feed, and expected month of marketing. Estimates include only animals which will reach the U.S. Good grade or

better by the time of marketing.

Changing patterns of production and increased marketings make such reports invaluable. Because they are issued every three months, it is possible to get from them a clear picture of current trends in the cattle feeding industry.

For instance, the reports show there was 42 percent more cattle on feed in these 26 States on January 1, 1959, than there was 10 years earlier. They also show that many feeders are now feeding cattle all year around, not just a single lot once a year, and that feeding has increased most rapidly on the West Coast.

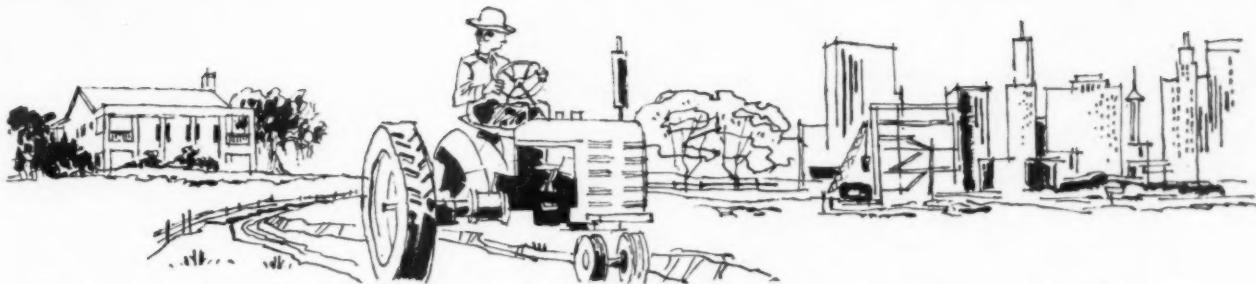
Augmenting this production data is information gathered at 12 important livestock markets across the country. Each of these reports their sales of beef steers and heifers for slaughter by grade.

Other supplemental information for the annual report is gathered from railroad and truck shipments, market receipts, and State veterinary inspection records.

From all of these many sources, the Crop Reporting Board keeps the cattle feeding statistics up-to-date. As the industry grows, so grows the scope of the cattle-on-feed program.

The USDA Crop Reporting Board now provides a monthly cattle-on-feed report for California and Arizona feeders. In recent years, cattle feeding has increased rapidly on the West Coast. Commercial feedlots such as the one pictured here can feed more than 20,000 head. Cattle are on feed from 100 to 120 days.





the NAMO meeting in Asheville

by Donald E. Wilkinson

STATE marketing officials from all over the Nation got a first-hand glimpse in early October of the rapidly changing agriculture of the Southeast and heard one of the region's widely respected agricultural economists—Dr. J. W. Fanning of the University of Georgia—predict that a large number of the "great consumer markets of the future" will be in the Southeast.

Occasion for the marketing officials' visit to the Southeast was the 40th annual convention of the National Association of Marketing Officials, which opened October 4 at Asheville, N. C., and ended four days later on October 8 with a visit to Atlanta's new State farmers' market.

"A new environment is rapidly developing for agriculture in the Southeast, and this represents a great challenge to our agriculture and marketing as well as to other segments of our economy," Dr. Fanning told the convention.

He pictured the "new environment" as coming largely from heavy capital investments in new industries, a substantial gain in the per capita personal income in the past 15 years with prospects of a further 30 percent gain in the next 10 to 15 years, and a population increase of 14 percent since 1930, which brings the region's population to 35 million.

Mr. Wilkinson, Chief, Markets Division, Wisconsin Department of Agriculture, is also secretary-treasurer of the National Association of Marketing Officials.

All of this, plus healthy gains in agriculture, Dr. Fanning explained, is creating greater consumer markets.

Current marketing situations in the Southeast, particularly in North Carolina, were reported on livestock, poultry and eggs, and fruits and vegetables by George Hyatt, Jr., head of the Department of Animal Industry, Dr. E. W. Glazener, head of the Department of Poultry Science, and Dr. Fred D. Cochrane, head of the Horticulture Department, North Carolina State College.

L. Y. Ballentine, North Carolina Commissioner of Agriculture, said postwar agricultural programs in his State have been directed toward a fuller utilization of the State's resources. This, he added, was accompanied by greater farming diversification and specialization, which is broadening opportunities for farmers and opening up new industries in rural areas.

W. C. Crow, AMS liaison officer for the Matching Fund Program with State departments of agriculture, described the specific functions necessary for a well-rounded State marketing program.

John Rainey, Director of the Pennsylvania Division of Markets, led a discussion of State commodity promotional programs. Reports were given by Phillip Alampi, Secretary of the New Jersey Department of Agriculture, and Don Olson, Supervisor of the Washington State Division of Marketing. These were followed by reports of executive secretaries of North Carolina

beef cattle, potato, and peanut-producer associations.

While in North Carolina, the delegates visited a paper plant which, through a long and intricate chemical and mechanical process, converts flax from California and Minnesota into cigarette paper and other paper products.

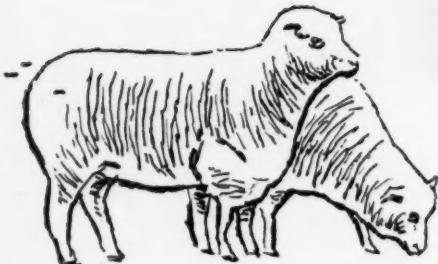
They also went to Gainesville, Ga., to visit a poultry processing plant, to Silver City, Ga., for a close-up view of large-scale broiler production, and to Duluth, Ga., to visit a poultry-breeding farm.

Georgia Commissioner of Agriculture Phil Campbell welcomed NAMO members to Georgia at a dinner meeting held in the administration building of the new \$10 million Atlanta State farmers' market.

James E. Youngblood, director of the South Carolina Agricultural Marketing Commission, was elected president of NAMO for the coming year. He succeeds W. A. Wunsch, who until his retirement last June was supervisor of the New Mexico Department of Agriculture's Fruit and Vegetable Service.

W. J. Petr, director of the Kansas Marketing Division, was named first vice-president, and Louis A. Webster, Massachusetts market director, second vice-president. Donald E. Wilkinson, chief of the Wisconsin Division of Markets, was renamed secretary-treasurer. Mr. Wunsch and Harold W. Poulsen, chief of the California Bureau of Fruit and Vegetable Standardization, were named members at large of the executive committee.

On a High Plains ranch, sheep stand patiently awaiting shearing. As these move into shearing shed, more are herded into corral.



Preparing **WOOL** for Market

IN THE western and southwestern United States, wool production is an important industry. Last year, more than 271 million pounds of shorn and pulled wool were produced in this country.

Proper shearing and preparation—in the shearing sheds and in the warehouses—are important in wool marketing. Growers can profit by offering wool in good condition. Carefully and attractively prepared wool can usually be sold at maximum prices.

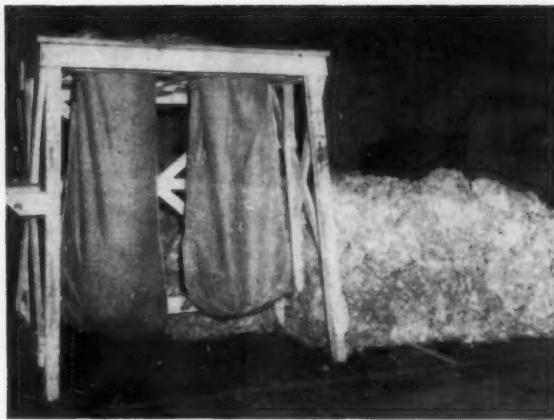
At the USDA Wool Laboratory in Denver, the physical properties of wool are being analyzed by agricultural experts. From their studies, testing procedures are developed for evaluating the characteristics of wool that determine its market value.



Wool grader carefully inspects each fleece. Beside him stand boxes or carts containing different lengths and grades of wool. Both are important factors in determining the value of wool.



Shorn wool is tied with paper twine. Each length of twine is 8½ feet long, and it takes one length to tie a fleece. Body wool should be kept separate from wool from the legs and face.



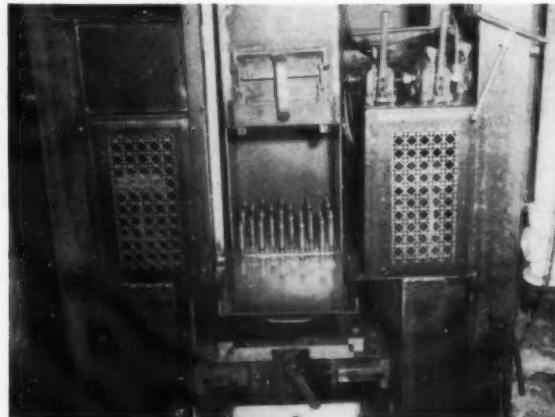
Bagging frame with two bags stands next to piles of wool. As each bag is filled, a tromper packs it tight. He then sews mouth of these bags shut, leaving ear for handling at each corner.



Each bag is marked with owner's identification, bag number, weight, and kind of wool. It then moves out of shed to await shipment. Fork lift truck will load bags into railroad cars.



At the warehouse, the wool bags are opened in preparation for grading table. Fleeces will then be examined by a qualified wool grader and classified according to general fiber characteristics.



This hydraulic subsampling machine (shown in a close-up view) is located at the USDA Wool Laboratory in Denver. It is used to divide samples into workable sizes for laboratory analysis.



This is ball of wool top. Top is a semi-manufactured product which has been scoured, carded, combed. Grease wool grades are designed to be correlated with the grade of wool top.



The 1958 amendment to the Packers and Stockyards Act provides greater marketing protection for livestock producers. More auction markets, agencies, and dealers now brought under provisions of P & S Act.

Progress Under Packers and Stockyards Act

by Lee D. Sinclair

THE effects of a 1958 amendment of the Packers and Stockyards Act were felt throughout the country during the past year.

The amendment extended the jurisdiction of the U. S. Department of Agriculture, which administers the law, to all public livestock markets operating in interstate commerce, regardless of size, and to livestock dealers and country buyers who operate independently of any stockyard, so long as they engage in interstate commerce.

As of Nov. 1, a little more than a year after the amendment was enacted, USDA's Packers and Stockyards Branch had posted nearly 1,200 of the markets newly made eligible for P&S supervision and had registered and bonded some 2,300 additional market agencies and dealers.

Until the law was amended, only livestock markets of 20,000 or more square feet were eligible for P&S posting and only the owners and operators of these markets and dealers and market agencies regularly operating there were registered and bonded.

Mr. Sinclair is Deputy Director of the Livestock Division of AMS.

The amendment, of course, did not affect the 60 terminal markets—all of which for years have been posted under the P&S Act. But it did make subject to regulation most of the 2,200 or so livestock auction markets in the country. Of these, some 550 had previously been posted. Another 1,158 were posted by Nov. 1, 1959, and 595 more were in process.

(Before a market can be posted, USDA must determine that it is a public market engaged in interstate commerce and then must publish a notice in the Federal Register of its intention to place the market under P&S regulation.)

Cooperating with the P&S Branch in the rapid expansion of its posting program have been State departments of agriculture and livestock and meat packing groups. Early in 1959, statewide posting programs were started in Alabama, Georgia, Michigan, Mississippi, North Carolina, Ohio, and Virginia. By midyear they were underway on the West Coast, in Kentucky, Pennsylvania, West Virginia, and several Northeastern States.

In States where posting programs had previously been carried out, posting was extended to individual markets made subject to regulation

by the amendment. By the end of this year Statewide programs will have been completed in all but one State, and here a law relating to disease control first has to be clarified.

Markets posted under the P&S Act must operate according to the regulations issued by USDA to implement the enforcement of the Act. The regulations set forth requirements for fair trade practices, weighing, registering and bonding, service charges, facilities, accounting, protection of producer funds, keeping of records, and the like.

The amended regulations stipulate that dealers, market agencies, and packer buyers operating or desiring to operate anywhere in interstate commerce must apply to the USDA for registration under the P&S Act and that such market agencies and dealers (other than packer buyers) must furnish bond coverage, based on their volume of business, to assure payment to their patrons. Of these, only 6,650 had been registered before.

In the past year, 2,074 additional dealers and firms were registered at posted markets, and approximately 250 others, who buy directly from farms, ranches, and buying stations, were added to P&S rolls. P&S officials expect to register and bond about 200 more market agencies and dealers within the next 7 months.

The registering and bonding of country buyers will provide farmers with financial protection such as they have had for many years in the past when dealing at posted markets.

Along with expanding its supervision of livestock marketing, the P&S Branch is more rigidly enforcing the requirements in the meat packing field. Attention is being focused particularly on practices which restrict or limit competition in the purchase of livestock and which restrict fair and effective competition in the wholesaling of meat.

At present, 2,618 meat packing firms are subject to the P&S Act.

SHIPPING FLORIDA CITRUS FRUIT IN WIREBOUND CRATES AND FIBERBOARD CARTONS

WIREFBOUND crates loaded by the "layer offset" method . . . or . . . vented fiberboard cartons loaded in the "spaced bonded-block" method.

Take your pick. Either carries Florida citrus to market in good condition.

Six tests conducted by the Market Quality Research Division of AMS compared wirebound crates and fiberboard cartons point by point—how well they carried the fruit, how well they allowed it to cool, and how much decay occurred during transit and after.

In each instance, the containers were loaded in the usual manner. That is, wirebound crates were arranged in offset layers with air channels running longitudinally in the car and fiberboard cartons were stacked to form zig-zag vertical air channels.

For every car loaded with oranges or grapefruit in crates, there was a companion car with similar fruit packed in cartons.

The tests were conducted in the spring and summer months. The fruit was loaded warm and cooled in transit. Both mechanically refrigerated cars and ice-bunker cars with fans were included.

It didn't seem to matter which type of railroad car or which type of container was used. The fruit all came through in good condition.

Upon arrival in New York City, there was little if any rind breakdown or decay in the test lots of oranges in either container. After a 1-week holding period at 70° F., rind breakdown still remained negligible, but decay, mostly stem rot, increased to 19 percent in both cartons and crates.

Grapefruit shipments, at destination, showed a scant 1 percent scorable rind breakdown, and this increased only 2 or 3 percent more during the 7-day holding period at 70° F.

There was less than 0.5 percent decay present at the time of arrival, and after 1 week only about 4 per-

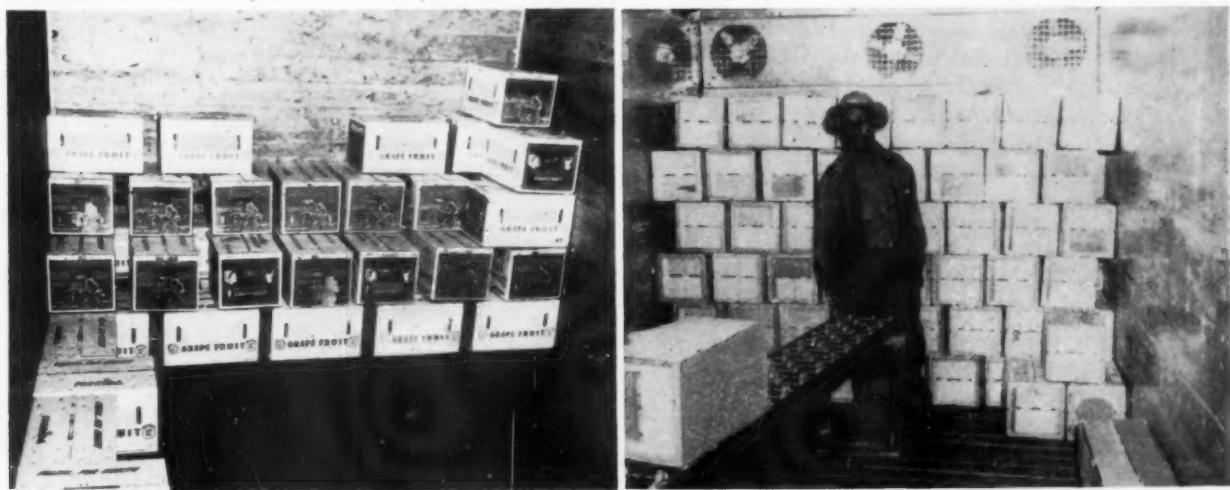
cent of the grapefruit shipped in crates and 7 percent of that shipped in cartons showed signs of decay (mostly green mold).

So, it seems, Florida citrus can be marketed equally well in wirebound crates and fiberboard cartons.

This is the first time actual tests have compared the two methods of shipment. The research was conducted by J. R. Winston, senior horticulturist, and Randall H. Cubbage, biological science technician, at the AMS field station in Orlando, Fla., and Jacob Kaufman, AMS plant pathologist, in New York City.

Their report, containing full details of the research, is entitled "Shipping Florida Citrus Fruit in Wirebound Crates and Cartons—A Comparison of Commercial Practices." It bears the number AMS-342 and may be obtained from the Marketing Information Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C.

Fiberboard cartons loaded in "spaced bonded-block" pattern and wirebound crates stacked by "layer-offset" method—both carry citrus to market satisfactorily.



PRICE SPREADS FOR FORMULATED POULTRY FEEDS IN ILLINOIS

by V. John Brensike
and Carl J. Vosloh

BETWEEN 1953 and 1958, Illinois farmers saw the prices of the products which go into formula feeds drop faster than the retail price of the feeds themselves. Yet, despite this greater relative drop in farm prices, the farmer's share for the feed ingredients remained roughly the same—about 50 percent of the retail price of formula feeds.

How this seeming paradox took place is explained in a recent AMS study of formula feed production in Illinois.

The key to the riddle is the fact that formula feeds have been upgraded in recent years. Feed manufacturers have been mixing—and the farmers have been using—formula feeds containing more high-energy ingredients. They have done this because the prices of whole grains have been lower in relation to the prices of substitute ingredients.

As a result of this trend toward more whole grain ingredients and the addition of new micro-ingredients, poultry mashes sold in Illinois in 1958 were vastly different from the ones sold in 1953.

Not only did the formulas change radically in the five-year span, so did the relationship between the wholesaler-manufacturers and the retailers. Many of the functions that used to be handled by retailers became a part of some of the wholesaling-manufacturing operation.

For example, the job of providing credit to the farmer, ordinarily a service by retailers, now (due to integration) was assumed by some feed manufacturers.

Although there were many exceptions to the general pattern, the

wholesaler-manufacturer took care of getting the feed ingredients—the grains, meals, and other farm products and byproducts as well as the necessary micro-ingredients. He also ground, mixed, bagged, and stored the feed. And finally, he delivered it to the retailer, often on an f.o.b. plant basis.

The retailer received the feed and stored, stocked, and sold it to the farmer. His job frequently included delivery.

The cost of all these functions—of both the wholesaler-manufacturer and the retailer—rose steadily between 1953 and 1958 in Illinois.

Wage rates in the prepared feeds industry went up 19 percent in the period studied. At the same time, the cost of rail transportation of grain increased about 18 percent.

However, some of the increase in wage rates was probably offset by greater efficiency in the use of production labor. The amount of labor required to produce a ton of feed has been decreasing almost 3 percent a year. But even this estimate

must be well qualified. All the time the number of production laborers was going down, the size of sales and office staffs was increasing.

Basing their figures on the lower-grain formulas which were prevalent in 1953 and earlier, AMS economists estimate the Illinois farmer's share during this period at 45 percent of the retail cost of formula feed. But, if they use the newer higher-grain formulas of today, the farmer's share rises to 54 percent.

If either of these fixed formulas are assumed, the farmer's share decreased about a fifth between 1953 and 1958. However, the trend toward more high-grain feeds results in a nearly stable farmer's share during the period.

This study is part of a broad AMS research program that measures margins and costs in marketing farm products and analyzes factors affecting margins and their component costs. It serves as a basis for suggesting ways and means of lowering costs or improving marketing services.



The authors are agricultural economists in the Marketing Economics Research Division, AMS. A more detailed report on this study will be released in the early part of 1960. It will be issued as a marketing research report.



At the shipping point, market news reporters get a lot of background information that does not appear in daily reports. This data is now available to fruit and vegetable industry in "Weekly F.O.B. Review."

The Weekly F. O. B. Review

by Fred S. Nightingale

EVERYONE in the fruit and vegetable industry wants to be "in the know." It makes for a better marketing operation.

Now they can be. The Agricultural Marketing Service is providing the entire fruit and vegetable industry with the kind of information that used to be available only to "the man who knew the man at the shipping point." They are getting this information from the "Weekly F. O. B. Review," which is issued by the Fruit and Vegetable Division of AMS.

This Division has, for many years, had market news reporters at shipping points gathering prices, trends, and data on shipments for

its daily market news reports. Now, the Government asked itself, why not have these men send in weekly reports on the background factors that don't show up on the regular daily reports?

The idea was tried for the first time in June 1959. Response from the trial mailings was favorable. So, the Fruit and Vegetable Division announced a "Weekly F. O. B. Review" to become available upon request.

Immediately, requests poured in, and for a time AMS market news men feared they would be unable to handle them all. The mailing list now includes over 5,000 names—more than that of any other produce market news report—and this for the newest member of the report family.

One reason for the "Weekly F.

The author is Acting Chief of the Market News Branch, Fruit and Vegetable Division, AMS.

O. B. Review's" wide appeal is the interdependency of the fruit and vegetable industry. Prices in every part of the country are affected by what happens in competing areas hundreds or even thousands of miles away.

For example, a celery grower in Benton Harbor, Mich., sees in the F. O. B. summary that the competing Salinas, Calif., area hasn't yet come into full production. He knows from the daily market reports that the demand has been good, so he can expect a good price for his celery during the coming week.

A New York produce dealer needs to have a reliable lettuce supply for his customers. He notices the deal in Colorado's San Luis Valley is just about over. That means he'll be needing a new source of supply—perhaps Willcox, Ariz. The report says the Willcox deal is just getting under way.

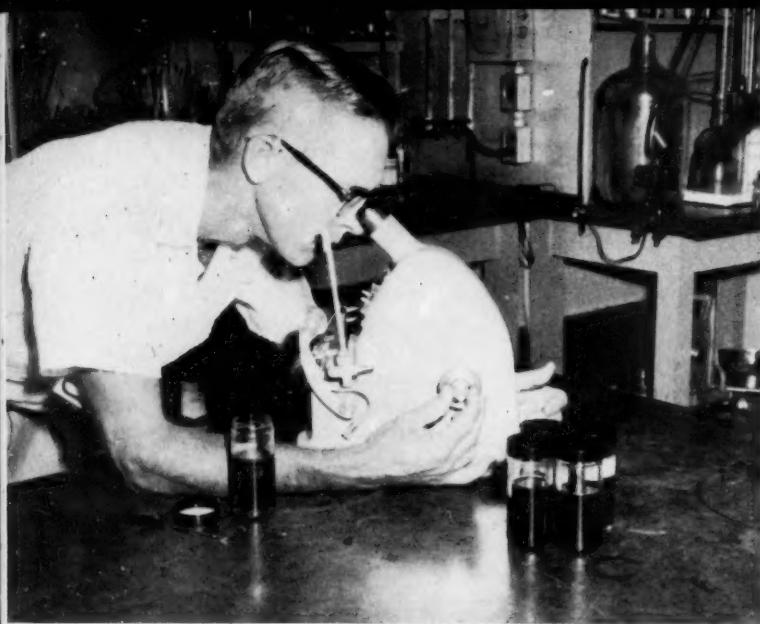
A consumer information agent in Pennsylvania can use the F. O. B. Review to find out when apples or oranges are going to arrive in volume and pass the word on to housewives.

With the "Weekly F. O. B. Review," the shipping point market news reporters become the representatives of each person in the fruit and vegetable industry. In the course of their daily rounds, these reporters check the fields and packing houses for conditions that may affect the market in the near future.

Every Tuesday evening they wire this material to the Washington office of the Fruit and Vegetable Division for summarizing, and early Wednesday morning the report is released through the market news offices in New York, Chicago, and Los Angeles.

Of course, the established daily reports, which carry prices, trends, and the number of carloads shipped, are still of primary importance in keeping the industry informed.

But the "Weekly F. O. B. Review" helps add background and gives a better understanding of the market situation.



USDA inspector determines the amount of moisture in a sample of extracted honey.

USDA's honey grading service provides buyers and sellers in the honey trade with a valuable marketing device

Grade Standards . . .

A Yardstick for Measuring Honey Quality



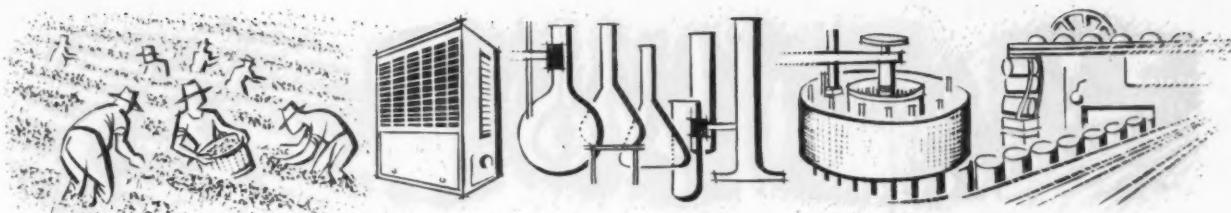
Taste-testing is an important part of inspecting extracted honey. USDA inspectors evaluate honey samples for flavor, floral source. Color also is checked. At right, sample bottles of honey stand in rack beside glass color standards so inspector can compare colors.

Honey grade standards, established by the Agricultural Marketing Service, furnish a yardstick for measuring the quality of honey. There are three grades for honey extracted from the comb. Grades A and B are for table uses; Grade C is for reprocessing.

When a request for inspection comes into an AMS office, a qualified inspector goes to the packing plant or warehouse and takes samples. The inspection itself is usually performed in the USDA laboratory.

The honey grading service of AMS can provide buyers and sellers in the honey trade with a valuable marketing tool. It also allows consumers to buy confidently on the basis of U. S. grades.





The Changing Market

Wool Agreement Signed

Sheep producers have approved the continuation of deductions from wool payments to be used in promoting wool and lamb. And, on this basis, a new agreement has been signed with the American Sheep Producers Council.

Final results of the September referendum show 81 percent of the vote based on sheep ownership was in favor of the agreement. On the basis of individual producers voting, 69 percent approved the amendment, and 31 percent disapproved.

In Alaska and Hawaii, the newest of our States, all of the five votes cast were in favor of the new agreement.

This year's referendum represented 50 percent more producers with 50 percent more sheep than were included in the 1955 referendum which initially approved the agreement.

For the agreement to be considered approved by producers, the owners of at least two-thirds of the sheep represented in the referendum had to cast a favorable vote. Consideration also was given to the number of votes cast *for* and *against* by individual producers.

In line with the results of the referendum, an agreement was again signed with the American Sheep Producers Council Inc. to continue for another 3 years the financing of the Council's advertising, promotional, and related marketing activities on lamb and wool through deductions from wool payments (as

authorized in last summer's extension of the National Wool Act).

Deductions will be made from payments next summer for the 1959 marketing year (April 1, 1959, through March 31, 1960) at the rate of 1 cent per pound of shorn wool marketed and 5 cents per hundred pounds of live weight of unshorn lambs marketed. Deductions for 1960 and 1961 will be set later by the Secretary of Agriculture and the Council, but will not exceed the rates established for the 1959 year.

Bilingual Egg Certificate

A new bilingual egg grading certificate, issued by the Poultry Division of the Agricultural Marketing Service, is now being used by all USDA graders of shell eggs bound for Venezuela. The new, and much shorter, certificate is printed in Spanish with English translations.

This is the first time a bilingual document has been used by U. S. shell egg exporters. It is part of a concerted effort to make U. S. eggs more acceptable in Venezuela and other South American markets.

The new certificate makes it much easier for Venezuelan customs and grading officials to check U. S. egg imports.

The Venezuelan Government recently put into effect new marketing and quality requirements for imported shell eggs. The new certificate, together with other modifications in export practices, will help U. S. exporters get better acceptance of their products.

The old, long-form certificate, which provides more details concerning egg quality, may be used. However, the bilingual form is strongly preferred by most South American importers, and USDA graders urge the use of these short forms on all shell egg shipments from the U. S. to Venezuela.

USDA graders are also urging U. S. exporters to use new packing materials—new standard cases and new fillers and flats or filler flats. Also, in accordance with the requirements set forth by Venezuelan law, each egg must be stamped "Importado," followed by the letter grade (A, B, or C) of the egg. The ink must be non-toxic and indelible. The wording must be legible.

Guides for Spring Vegetables

Next spring's fresh vegetable market probably will take a bigger supply of melons and spring potatoes than last year's, but growers are being advised to cut their plantings of several other spring vegetables to avoid marketing difficulties.

The 1960 *Acreage-Marketing Guides* for spring vegetables, issued by AMS, carry recommendations for 17 spring vegetables, as well as for potatoes and melons grown for the spring market. The recommendations, based on market analysis, are set up to help growers tailor supply to fit demand.

The 1960 guides recommend a 4 percent boost in spring potato acreage, a 9 percent increase in water-

The Changing Market

(continued from page 15)

melons, and a 15 percent rise in cantaloup acreage.

Some of the spring vegetable crops ran into trouble last spring because of oversupply or overlapping of marketing seasons. The 1960 guides recommend certain acreage cuts to correct this problem. Celery acreage should be reduced 20 percent; late spring snap beans, 5 percent; and cabbage, 5 percent. The early spring lettuce guide is for a 15-percent cut in Arizona, and plantings equal to 1959 in all other States.

Acreage increases are recommended for early spring tomatoes (25 percent), early spring cucumbers (10 percent), and early spring snap beans (20 percent).

If production is held within these guides and a normal marketing time-pattern follows, supplies should be adequate for consumer needs at a continuing high level of demand.

Use of Corn Oil

The production and utilization of corn oil is likely to set a new record this year. Domestic disappearance has risen from 150 million pounds 20 years ago to an estimated 300 million pounds in 1959.

Much of this increased production has resulted from an increase in the manufacture of other corn products. Corn oil is a by-product of three of the corn-using indus-

tries—dry milling, which turns out breakfast foods, corn meal, hominy grits, flour, and feed; wet milling, which manufactures starch, syrup, sugar, and feed; and the distilleries, which produce whiskey and industrial alcohol.

Ninety-five percent of the corn oil, however, comes from the wet-process grinding of corn.

Production of corn oil may be expected to expand or contract in direct relation to the general activity in the corn refining industries.

At present, the outlook is toward greater domestic production of wet-milled products—and corn oil. The development of new and improved corn products has provided more outlets for these items, and there always has been an ample market for corn oil. In fact, recently, U. S. firms have imported small quantities of corn oil from Europe.

During the past year, increasing quantities of corn oil have been used in the production of margarine. While the total amount is still small, the rate of increase in consumption by this outlet has been large. It should continue to grow as long as corn oil prices remain competitive.

About 91 percent of our corn oil production is used in food products. The remaining 9 percent goes for nonfood uses, primarily as foots, which are used in the manufacture of soap.

This consumption pattern, too, is likely to continue.

Pork Products in Small Cans

Pork products can now be marketed in small cans without pressure cooking—and another new outlet for pork has been found.

Ham, pork shoulder picnics, loins, and beef and pork luncheon meats will soon be coming to the consumer in cans ranging from 12 ounces to 3 pounds. These meats will correspond closely in flavor and texture to that packed in larger containers.

The decision to allow cured pork to be marketed in small cans (under 3 pounds) without pressure cooking was made only after several years of careful research proved conclusively that these products are safe.

These ready-to-eat pork and luncheon meat products are cured prior to packing and heated in the can to an internal temperature of at least 150° F. Thereafter, the canned product must be kept refrigerated.

Labels for these products must be approved by officials in the Meat Inspection Division, United States Department of Agriculture, before they are used, and they must display prominently the statement "Perishable—Keep Under Refrigeration."

Meat officials believe this new outlet for pork will do much to stimulate the sale of pork products. It offers not only a convenient product, but one of fine flavor and good texture.

A. R. Miller
Agricultural Research Service

OID

ns
ar-
es-
ew

ns,
ats
on-
12
ats
vor
ger

ork
der
ng
ars
lulu-
fe.
nd
red
the
at
ed
ed.
be
reat
tes
ore
is-
ent
ig-

ew
to
dd-
en-
vor

ler
ice

NG

